

PROFESSIONAL MILITARY COMPTROLLER SCHOOL

## IDEA PAPER

TITLE

Reinventing Travel Pay Service

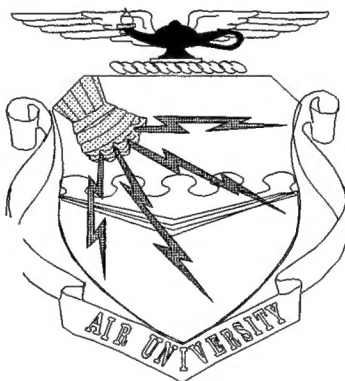
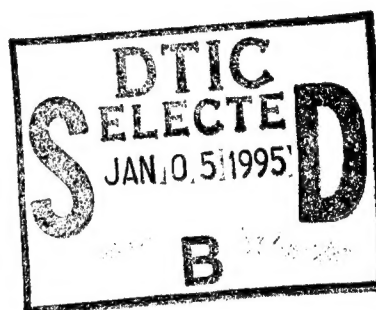
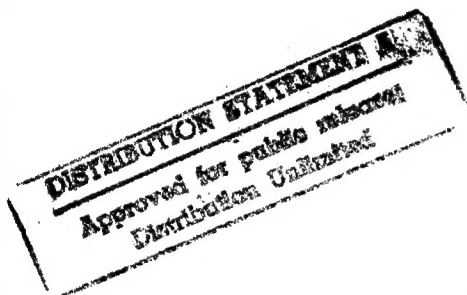
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## PMCS IDEA PAPER

TITLE: Reinventing Travel Pay Service

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### EXECUTIVE SUMMARY

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With the declining resources available for the Air Force and the DoD, the way we pay travel entitlements to our TDY travelers may suffer. Action must be taken to reduce the administrative burden of paying a travel claim and ensure our travelers do not accrue any out-of-pocket expenses. Travel pay customer service can be increased with the mandatory implementation of American Express cards for travel advances and travel related charges (rental car, lodging, etc.). In addition, the final payment must be sent to the travelers bank account via Electronic Funds Transfer (EFT), thus keeping the traveler productive on the job rather than waiting in the finance office. The annual potential savings in lost time could be 761 man-years for the Air Force. ✓

Top level support (Secretary of the Air Force) is needed to make the program work.

Recommend implementing the following proposals:

-Implement Express Travel - Plus for TDY travel within the Air Force

--make mandatory the American Express card for all personnel that are **likely** to travel

--change AFR 177-103 to eliminate over-the-counter cash advances regardless of

whether traveler has an American Express card or not

---will force **likely** travelers to obtain the American Express card so as to not accrue any out-of-pocket expenses

---use of American Express card to receive cash advances from ATMs

---few exceptions would apply (deployments)

--all TDY settlement payments must be electronically transferred to travelers account within 3 days of receipt -- no cash settlements

--establish several travel drop boxes on all installations at convenient locations

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## **Overview**

With the declining resources available for the Air Force and the DoD, the way we pay travel entitlements to our TDY travelers may suffer. Action must be taken to reduce the administrative burden of paying a travel claim. Travel pay customer service can be increased with the mandatory implementation of American Express cards for travel advances and travel related charges (rental car, lodging, etc.)(3:113-119). In addition, the final payment must be sent to the travelers bank account via Electronic Funds Transfer (EFT), thus keeping the traveler productive on the job rather than waiting in the finance office.

Headquarters Air Combat Command (HQ ACC) has implemented a similar proposal in January 1994. It is called "Express Travel - Plus." I will show the advantages of the Express Travel - Plus program, disadvantages perceived by commanders and travelers, and finally a conclusion and recommendation that this program be implemented within the entire Air Force and possibly throughout the DoD.

## **Advantages**

There are several advantages to using the American Express card and the EFT of the final payment. Some of these advantages are less time spent in the Accounting and Finance Office thus keeping personnel on the job, more convenient system to obtain cash advances, rebates offered by American Express, and better utilization of Comptroller and Defense Finance and Accounting Service personnel.

HQ ACC has estimated that every visit to the accounting and finance consumes approximately 35-40 minutes. Within ACC, 500,000 travel related vouchers are paid yearly. This equates to 292,000 potential man-hours or 139 man-years lost annually in visits to finance.

There were approximately 2.74 million vouchers (5:--) paid within the Air Force in fiscal year 1994. Using the figures provided by ACC, an annual potential saving in lost time could be 761 man-years (2:--) for the Air Force. This keeps the operational blue suitors on the job where they can be productive and out of the finance office waiting for a payment.

By providing the opportunity for all Air Force personnel to obtain the American Express card, obtaining a cash advance would be as simple as stopping by an Automated Teller Machine (ATM). American Express has told us in their monthly mailings that there are over 87,000 ATMs, open 24 hours a day, located throughout the world verses approximately 70 finance offices in the United States. This availability of ATMs allows the traveler much more flexibility to obtain necessary cash prior to departing and during a TDY. In addition, the American Express card allows for better cash management for the travelers thereby reducing the risk of a large cash loss due to a robbery or lost wallet. Furthermore, rental vehicles, lodging, and commercial transportation can be charged on the card further assuring the traveler does not experience out-of-pocket expenses. Finally, the Air Force benefits with rebates provided by American Express for usage of the card. ACC will receive an average \$30,000 per month in rebates from American Express since the implementation of their Express Travel - Plus program in January 1994 (1:--).

Comptroller personnel will also benefit from reduced face-to-face customer service. The reduced number of interruptions will allow travel pay clerks to compute accurate travel vouchers and ensure timely payment. To provide continual customer service, ACC provided drop boxes on their bases. All major organizations on an ACC base are within five minutes of a drop box. Finance personnel make several pickups each day from these drop boxes. ACC

has advertised that any voucher received before 1500 hours will be computed and the final payment electronically transferred to the travelers account by end of the following day.

This requires some offices to have a swing shift. This is great customer service, but probably not an ideal working situation. I propose a 3-day window for getting the voucher computed and the final settlement amount transferred to the travelers account. In most cases, this payment will still arrive before the traveler receives their American Express Bill -- thus no out-of-pocket expenses. Allowing the three day window would further increase morale for Comptroller personnel since only a day shift would be required, i.e., vouchers received before 1500 hours today will be computed tomorrow and electronically transferred to the members account on the following day.

Since travel advances would be eliminated, the task of following up on outstanding advances would be eliminated. Unfortunately, not every traveler immediately files a voucher upon return from a TDY especially when they have received an advance. Finance personnel must remind these tardy travelers to file a settlement voucher. This follow-up can take several attempts over a couple of months until a final action to collect the amount of the advance from the travelers pay. Upon a decision to collect the advance from the travelers pay, a debt must be established and several more weeks can be lost allowing for the mandatory due process of notifying the traveler that a deduction from there pay will occur.

This process of following up on outstanding advances is time consuming and pulls finance personnel away from doing other tasks. In addition, the Air Force was criticized by the Air Force Audit Agency in 1990 for their failure to take timely action to follow-up on outstanding travel advances. As a result, the Air Force had reported a Federal Managers Financial Integrity

Act (FMFIA), Section 2, material weakness in 1990 that is still open. With the increase emphasis by Air Force management because of the identified material weakness, the number of outstanding advances has declined. Unfortunately, so has the resources to work this project and the number of outstanding advances may start to increase.

Since ACC has implemented this project, they have had a drastic reduction in the number of advances and outstanding advances in their command. ACC has shown that their monthly advance payments have decrease 68 percent since the implementation of Express - Travel Plus (1:--). Figures provided by the Defense Finance and Accounting Service (DFAS) in Denver have shown that the number of outstanding advances in ACC from August of 1993 until August 1994 have fallen from a high of 2111 to a low of 351 (4:--). An astonishing reduction of 83.4 percent. The remainder of the Air Force reduced their outstanding advances by 53.1 (4:--) percent during this same period of time.

Not only has this reduction allowed finance personnel to compute timely travel settlements, but has allowed DFAS to process the expense against an organization funds in a more timely manner. This in turn liquidates the travel obligations quicker thus freeing over obligated amounts for other purposes. This is extremely beneficial for commanders who make fiscal decisions in their day to day activities.

Other savings that could be realized in the Comptroller include reduced number of cashiers, eliminate check stuffing, and reduce cash on hand. Although these savings may seem small -- it all adds up to a more efficient organization and better utilization of dwindling resources. Now that we have discussed the advantages, let's discuss some of the disadvantages.



### **Disadvantages**

Several concerns have been brought to the attention of HQ ACC. Some of these are the Commanders concerns on issuing American Express cards to young airmen, the perception by the customers that Finance is reducing service and the desire to have actual cash settlement payments, long TDYs where the American Express bill may be received prior to returning to home station, and deployments to foreign countries.

ACC has instructed their commanders to make the American Express card available to all personnel regardless of grade. Commanders are concerned that providing a charge card to all personnel may result in an increase of financial irresponsibility. The perception is that young airmen may abuse the cash advance privileges and thus not have the money available to pay their bills from American Express. In the event that a commander has concerns that a particular airman or officer may be or is financially irresponsible, they have the option to enroll these individuals in the Personal Financial Management Program (PFMP). The bottom line is that the norm is to issue an American Express card with very few exceptions. All exceptions should be enrolled in PFMP. Although the concern is valid, Senior Master Sergeant Sullivan, HQ ACC/FMFOP, revealed that in the first nine months of the mandatory program the percentage of delinquent accounts with American Express have actually decreased. (1:--)

Some travelers are accustomed to cash payments and anything less appears to be a reduction in customer service. This is a perceived concern. With the availability of 24-hour ATMs and the electronic transfer of the final payment to the travelers account, no out-of-pocket expenses will be incurred. ACC began a large scale publicity campaign designed to show personnel affected that service is not actually being degraded, but improved.

Long TDYs can pose a problem if the American Express bill is received prior to return to the home duty station to file a settlement voucher. Although TDYs over 30 days would be the exception rather than the norm, the traveler can receive an accrued per diem settlement from the nearest finance office (4:--). This accrued per diem payment will reimburse all moneys due the traveler, minus previous payments, up to the date the traveler signs the voucher and will be electronically transferred to the travelers account. The traveler can use this money to pay their American Express charges.

Overseas deployments present a challenging problem if no advances are allowed. If the deployment is to an US installation, an ATM that disburses dollars may be available to the traveler; however, an exception to the no advance rule can be allowed for all deployments to overseas locations not in the vicinity of an American installation. The final settlement claim must still be electronically transmitted to the travelers account.

### **Conclusion**

Continual satisfactory travel pay service to our travelers in a downsizing Air Force is an ever increasing challenge. The objective is to ensure no out-of-pocket expenses are experienced by travelers. Implementing a policy of no cash advance payments and electronic transfer of the settlement payment is a step in the right direction to achieving no out-of-pocket expenses. Cash advances can be obtained with the American Express card at over 87,000 locations open 24 hours a day. Final payment of TDY vouchers can be electronically transmitted to the travelers account within 2 business days of receipt of the voucher.

Implementing this policy could potentially save 761 man-years. This is a significant advantage and would be the equivalent of a large squadron. Other advantages include the

availability of ATMs to receive cash advances, rebates offered by American Express, and reduced busy work and cash requirements for Comptroller personnel. An obstacle faced within ACC is that tenant organizations are not bound by their policy. Based upon the policy of the tenant unit commanders, personnel assigned to this unit can still receive cash advances and cash settlements. Until total implementation by the Air Force, the potential savings in man-years will not be fully realized.

### **Recommendation**

Top level support (Secretary of the Air Force) is needed to make the program work.

Recommend implementing the following proposals:

- Implement Express Travel - Plus for TDY travel within the Air Force
- make mandatory the American Express card for all personnel that are **likely** to travel
- change AFR 177-103 to eliminate over-the-counter cash advances regardless of whether traveler has an American Express card or not
- will force **likely** travelers to obtain the American Express card so as to not accrue any out-of-pocket expenses
- use of American Express card to receive cash advances from ATMs
- few exceptions would apply (deployments)
- all TDY settlement payments must be electronically transferred to travelers account within 3 days of receipt --eliminate cash settlements
- establish several travel drop boxes on all installations at convenient locations

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